

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 2/23/2016	(3) CONTACT/PHONE Mark Hutchinson, Deputy Director of Public Works (805) 781-5458	
(4) SUBJECT Study Session for Extended Drought Emergency Water Supply Options for Zone 3 of the Flood Control and Water Conservation District. Districts 3 and 4.			
(5) RECOMMENDED ACTION It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), conduct a study session on extended drought emergency water supply options for Zone 3 of the District.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. 120 min)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 8/12/14 #32; 3/24/15 #16; 9/1/15 #21	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 3 District 4			

Reference: 16FEB23-BB-1

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Mark Hutchinson, Deputy Director of Public Works

VIA: Wade Horton, Director of Public Works

DATE: 2/23/2016

SUBJECT: Study Session for Extended Drought Emergency Water Supply Options for Zone 3 of the Flood Control and Water Conservation District. Districts 3 and 4.

RECOMMENDATION

It is recommended that the Board, acting as the Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District (District), conduct a study session on extended drought emergency water supply options for Zone 3 of the District.

DISCUSSION

Zone 3 of the District includes: the Cities of Arroyo Grande, Pismo Beach, and Grover Beach; the Oceano Community Services District; the community of Avila Beach and the Avila Valley (County Service Area 12); and unincorporated portions of the Arroyo Grande and Valley (see attached map). The signature water supply project in Zone 3 is the Lopez Project, consisting of the lake, dam, water treatment plant, and water distribution system. The agencies connected to the Lopez water supply system are the Cities of Arroyo Grande, Pismo Beach, and Grover Beach; the Oceano Community Services District; and County Service Area 12¹.

On September 30, 2014 the Zone 3 Advisory Committee² forwarded a letter (full letter attached) to the Board requesting that the Board hold a study session on extended drought emergency water supply options:

"For nearly 50 years, Lopez Lake has been an integral component of the south county water resources portfolio and for the first time in its history, deliveries to the Zone 3 agencies have been reduced. Additionally, the Zone 3 agencies' other water supply sources have been severely impacted as well. The Zone 3 Advisory Committee recommends, and believes it is imperative, that the Board of Supervisors holds a study

¹ County Service Area 12 contracts with the Avila Beach Community Services District, Avila Valley Mutual Water Company, City of Pismo Beach, Port San Luis Harbor District, San Luis Coastal Unified School District, and a number of individuals.

² The Zone 3 Advisory Committee is comprised of members from the City of Pismo Beach, City of Arroyo Grande, City of Grover Beach, Oceano Community Services District, County Service Area 12, an Agriculture rep and At Large rep.

session to investigate and evaluate emergency water supply options that could be used to provide the south county residents with supplemental water to ensure that health and safety needs can be met as the drought persists.”

In as much as the purpose of the Zone 3 Advisory Committee is to “*determine the needs, desires and financially supportive capabilities of the water contractors, residents and property owners in Zone 3, and upon deliberation, to convey these needs, desires and capabilities to the Board of Supervisors and other County officials,*” and “*The Committee’s authority is that of leadership, advocacy and guidance,*”³ this study session is intended to provide the Board and the community with information necessary to inform future water supply decisions in Zone 3, should the drought continue to erode available water supplies.

The following discussion, together with materials attached to this letter, provides a summary overview and introduction to the Study Session:

Current Initiatives

Conservation

All of the Zone 3 agencies are diligently implementing a range of water conservation measures as specified in each agencies’ water management plans, as well as in compliance with State emergency mandates. All have been successful in achieving substantial reductions in water use, and all are poised to implement further conservation measures should the drought continue.

Groundwater

All of the Zone 3 agencies except for CSA12 are also members of the Northern Cities Management Area (NCMA), a groundwater management organization created by the adjudication of the Santa Maria Groundwater Basin (CSA12 is outside the Santa Maria Basin). In response to declining groundwater levels, the NCMA has worked to reduce groundwater pumping in order to both conserve supplies for the future as well as to avoid seawater intrusion.

Reclamation

The City of Pismo Beach has initiated work on a wastewater reclamation project that will reclaim water from the City’s wastewater treatment plant for injection into the ground in the northern portion of the Santa Maria Groundwater Basin, thereby increasing groundwater supplies. All of the NCMA agencies are working together to address the feasibility of reclaiming wastewater from the South San Luis Obispo County Sanitation District’s wastewater treatment plant for beneficial reuse.

Low Reservoir Response Plan

In 2006 the District adopted a Low Reservoir Response Plan (LRRP) for Zone 3. The LRRP provides a methodology to assess near term reservoir levels and a set of actions to mitigate the impacts of low reservoir levels. In 2014 the Zone 3 Technical Advisory Committee along with District staff and representatives of the agricultural community updated the LRRP to refine its response to the current drought. The goal of the LRRP is to reduce downstream releases and municipal diversions from Lopez Reservoir, when the lake falls below 20,000 acre feet of storage, to extend the water supply. All of the Zone 3 agencies and the agricultural community are participating in the LRRP. The lake storage level as of February 1 was 14,317 acre feet.

³ Zone 3 Advisory Committee Bylaws

Leveraging State Water/ Zone 3 Recharacterization

Under the LRRP, agencies may “carry over” any of their unused Lopez water from the previous year. Consequently, agencies that subscribe to both Zone 3 water and State Water requested a retro-active water accounting change to effectively exchange Lopez water used in 2014 for a like amount of unused State Water. In doing so their quantity of unused Lopez water would increase and thereby increase their amount of “carry over” Lopez water available in 2015-16. All of the agencies connected to the Lopez/State water delivery system consented to the exchange. Three agencies (Oceano CSD, City of Pismo Beach, and Avila Beach CSD) participated in the exchange in order to enhance water management opportunities among all of the agencies.

Desalination

The District is currently working with PG&E to assess the feasibility of connecting the Lopez distribution system to the existing seawater desalination plant at the Diablo Canyon power plant. If successful, this option would provide an additional water source to Zone 3 agencies, supplementing current Lopez, State Water, and groundwater supplies. All of the Zone 3 agencies have formally conveyed their interest in this effort moving forward.

NWP Full Allocation

The District and participants in the Nacimiento Water Project are pursuing full allocation of 6,095 annual acre feet of unallocated “reserve” water in that project. Full allocation will allow the project participants to work through a water market approach to make that water available to other users (within the County) at affordable prices, rather than the current high costs required by the water supply contracts.

State Water Storage (Annual plus Lopez)

The District has worked with Zone 3 and State Water subcontractors to utilize the Lopez Reservoir for storage of State Water (via exchange in the system). Storing State Water in Lopez ensures that water will be available for use by State Water subcontractors connected to the Lopez system in the event the State Water conveyance system is not able to move stored State Water from San Luis Reservoir the several hundred miles south to the Lopez turnout. At the same time, the District (and several State water subcontractors) store excess State Water in San Luis Reservoir, using that water to supplement subcontractor deliveries when State Water supplies are diminished.

Supply Options List

The “Initial Emergency Water Supply Option Scoring and Ranking” table, included in the attached Technical Advisory Committee Evaluation Report, lists the supply options that the Technical Advisory Committee has evaluated. Discussion of and information about these options will be the focus of the Study Session.

OTHER AGENCY INVOLVEMENT/IMPACT

The Zone 3 Agencies include the City of Pismo Beach, City of Arroyo Grande, City of Grover Beach, Oceano Community Services District, and County Service Area 12. County Service Area 12 in turn contracts with the Avila Beach Community Services District, Avila Valley Mutual Water Company, City of Pismo Beach, Port San Luis Harbor District, San Luis Coastal Unified School District, and a number of individuals.

FINANCIAL CONSIDERATIONS

There are financial considerations associated with all of the emergency supply options. The Technical Advisory Committee's "Initial Emergency Water Supply Option Scoring and Ranking" table (attached) contains an "Average of Cost Effectiveness" column that reflects the professional opinions of those water managers. That is, the financial considerations of any given supply option, or set of options, differs among the agencies, depending on location, current water supply portfolio, amount, current cost of water, ability to obtain financing and/or grants, etc. As these planning efforts move forward, cost considerations will be an important factor in determining the overall direction of the effort.

RESULTS

Conducting a Study Session on emergency water supply options will inform the community, enhance communication between agencies, and ensure efficient and timely action to provide municipal water supplies to Zone 3 in the event of continued drought, contributing to a more livable and well governed community.

ATTACHMENTS

1. Vicinity Map
2. Advisory Committee Full Membership Chart
3. September 30, 2015 Advisory Committee Letter
4. Technical Advisory Committee Evaluation Report
5. Low Reservoir Response Plan
6. Northern Cities Management Area 2014 Annual Monitoring Report

File: 340.120.02

Reference: 16FEB23-BB-1

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